ANNUAL REPORT 1969

EDDY MATCH Company, Limited

HIGHLIGHTS

Operating Summary	1969	1968
Net sales	$40,852,243	$34,876,827
Depreciation & depletion	1,342,089	973,818
Earnings before income taxes	1,074,323	1,545,507
Income taxes	669,000	838,000
Net earnings for the year	405,323	707,507
Dividends paid		
– preferred shares	55,500	55,500
– common shares	300,953	NIL
Financial Position		
Net current assets	$ 8,906,254	$10,019,977
Total assets	30,140,582	26,276,877
Shareholders' equity	15,708,024	12,909,409
Per Common Share		
Net earnings	$ 1 16	$ 2.17
Dividend paid	1.00	NIL
Equity	48.35	39 05
Capital Expenditure	$ 2,691,452	$ 1 189,756

EDDY MATCH Company Limited

7 KING STREET EAST, TORONTO 1, ONTARIO

DIRECTORS:

J. N. Cole
Vice-President, Wood Gundy Securities Limited, Montreal, Quebec.

L. M. Crandall
Chairman of the Board, Eddy Match Company, Limited, Pembroke, Ontario.

Hon. E. Davie Fulton
Partner,
Fulton, Cumming, Bird, Richards,
Barristers and Solicitors,
Vancouver, British Columbia.

J. Douglas Gibson
Financial and Economic Consultant,
Toronto, Ontario.

I. H. G. Gilbert
Chairman, Bryant & May (Holdings) Ltd., London, England.

J. Claude Hébert
President, Warnock Hersey International Limited, Montreal, Quebec.

A. A. Lavallée
Vice-President and Treasurer,
Eddy Match Company, Limited,
Toronto, Ontario.

J. A. Lawrason
President & Chief Executive Officer,
Eddy Match Company, Limited,
Toronto, Ontario.

G. Rae Smith
Director, Bryant & May (Holdings) Ltd., London, England.

OFFICERS:

L. M. Crandall
Chairman of the Board

J. A. Lawrason
President & Chief Executive Officer

A. A. Lavallée
Vice-President and Treasurer

S. H. Nienkirchen
Secretary

Transfer Agents and Registrar
Montreal Trust Company, Montreal, Toronto, Calgary and Vancouver.

Debenture Trustee
Montreal Trust Company, Toronto, Ontario.

Auditors
Clarkson, Gordon & Company, Toronto, Ontario.

Stock Exchanges
Montreal Stock Exchange,
Toronto Stock Exchange.

The Annual Meeting of Shareholders will be held on March 19th, 1970 at 11:00 A.M., E.S.T., in the offices of the Company, tenth floor, at 7 King Street East, Toronto, Ontario.

REPORT TO THE SHAREHOLDERS

In 1969, after payment of dividends of $55,500 on the preferred shares, earnings amounted to $1.16 per common share, compared with $2.17 for 1968. Profits from operations were generally improved over 1968, but the consolidated after tax earnings were reduced by approximately $235,000, because of certain write-offs which are explained in the Financial Review section of this Report. These write-offs represent $0.78 per common share.

During 1969 we reported earnings on a quarterly basis but subject to audit and year-end adjustments. In the last quarter of the year it became apparent that the cost of logs at Kootenay Forest Products had been under-estimated for the first three quarters of the year. This was discovered when a physical inventory was taken. The quarterly earnings are restated in the Financial Review section of this Annual Report.

Your Company achieved record sales of $40,852,000, an increase of 17% over 1968. The Kootenay Forest Products, Grant Industries and Steel Equipment divisions established all-time sales records, while the other operations, except one, made modest gains.

There was no change in the issued capital stock in 1969. The working capital at the year-end was $8,906,000 and the ratio of current assets to current liabilities was 2.6 to 1. Net additions to fixed assets were $2,691,000. Effective January 1, 1969 the fixed assets were increased in value by an amount of $2,750,000 as a result of an appraisal undertaken in late 1968 and early 1969. Principally because of this increase, the shareholders' equity was increased by $2,799,000 to $15,708,000 at December 31, 1969.

SHAREHOLDERS

At December 31, 1969 the Company had 771 Common Shareholders. The distribution was as follows:

Country of residence	Number of common shares held	Number of shareholders
Canada	101,996	749
United Kingdom	197,325	9
U.S.A.	752	8
Other	880	5
	300,953	771

The British Match Corporation Limited, through its wholly-owned subsidiary Bryant & May (Holdings) Ltd., owns 196,890 common and all the preferred shares of Eddy Match stock.

As the Company is deemed to be a corporation that has a degree of Canadian ownership, as defined in the Canadian Income Tax Act, non-resident shareholders are subject to a Canadian withholding tax on dividends of 10 per cent, instead of the prevailing rate of 15 per cent.

MATCH DIVISION

A steady inflow of low priced matches from foreign countries inhibited the growth of sales of our products and domestic competition continued to be very keen. Increased costs were not offset by price increases. The division continues to be a solid and substantial contributor to profits.

EDDY INDUSTRIAL PRODUCTS

This small division, located in Pembroke, Ontario, has as its prime function the manufacture of equipment and tooling for other divisions and thus is considered to be a service centre. Modest export sales were also achieved during the year.

STEEL EQUIPMENT

This division operated at capacity for most of the year and profits improved nicely over 1968. A three-week labour strike early in the year affected sales and profits. Additionally, nominal write-offs of several obsolete and discontinued lines lessened the profits of this office furniture division. Sales of 'Stor/Wal' filing cabinets increased substantially. 'Stor/Wal' is becoming increasingly popular in both Canada and the United States.

IDEAL VENDERS

This division sold more vending machines and coolers than during 1968, however, the trend was toward lower priced models. Imports continue to be substantial. Both the engineering and sales departments were strengthened considerably during the year.

KOOTENAY FOREST PRODUCTS

As mentioned in the third quarter report, lumber prices fell sharply in mid 1969 and had not recovered by the year-end. The market demand for plywood became weaker as the year progressed. During the last half of the year a prolonged wildcat strike, combined with low selling prices, resulted in a lower profit than we expected.

GRANT INDUSTRIES

Sales by this building products distributing division were at an all-time high and profits increased over 1968. The restraints in the general economy had their effect on prices and margins in some product lines. Sales at a few of the prairie branches, especially in Saskatchewan, were down, whereas in the large metropolitan markets, sales increased.

Operating profit improved substantially in several of the 17 branches, partially as the result of strict cost control. Management is analysing each branch operation with a view toward improving the aggregate return in the division. During 1969 we ceased unprofitable window assembly operations.

STAFFORD MILLS

On June 1, 1969, we purchased for cash, a small lumber company situated a few miles from Nelson, B.C., where Kootenay Forest Products is located. The purpose of the purchase was to acquire timber which can be processed by either mill. Changes have been made at Stafford to improve efficiency, primarily by processing longer production runs on fewer species of timber.

CHANGE IN MANAGEMENT AND BOARD OF DIRECTORS

In June, Mr. J. A. Lawrason succeeded Mr. E. J. Bechard as President and Chief Executive Officer of your Company.

Mr. Lawrason joined the Company in 1949 in the sales department of the Match division and was promoted to positions of increasing responsibility in the Match and Metal Products divisions. He became a Director in 1960.

During the year, Mr. J. A. Boyd retired as a Director after serving on the Board since 1957.

The Directors take this opportunity to express their sincere thanks to Mr. Bechard and Mr. Boyd for their valuable contributions over the years.

New Directors appointed to the Board in 1969 were Hon. E. Davie Fulton, P.C., Q.C., of Vancouver, B.C. and Mr. J. Douglas Gibson of Toronto.

OUTLOOK FOR 1970

While we are budgeting for a modest improvement in 1970, the continuance of monetary restraints to combat inflation will be felt in several of our divisions. If general business slackens in 1970, we could be hard pressed to show any improvement of earnings.

The Match division should continue to contribute good earnings. We expect improvement in the vending division as the result of management changes and the introduction of new models. The demand for office furniture continues to be good.

Unless lumber and plywood prices rebound very soon, consolidated first half earnings may be well down from the same period in 1969. Any substantial improvement is more likely to occur in the second half of 1970.

We will be entering labour negotiations at Kootenay Forest Products this year. Also, Grant Industries, our building products distribution division, is already feeling the effect of high interest rates on housing in Canada.

The uncertainties of 1970 are many. Your management is endeavouring to establish a solid base for sustained growth in the years ahead.

APPRECIATION

Our employees total approximately 1400 and we thank them for the effort and dedication which has been evident throughout the year. Several employees retired on the Eddy Match Retirement Plan in 1969 after very long service and we wish them health and happiness in the years ahead.

On behalf of the Board of Directors,

J. A. Lawrason

President and Chief Executive Officer

AUDITORS' REPORT

To the Shareholders of
Eddy Match Company, Limited:

We have examined the consolidated balance sheet of Eddy Match Company, Limited and its subsidiary companies as at December 31, 1969 and the consolidated statements of earnings, retained earnings and source and use of funds for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion these financial statements present fairly the financial position of the companies as at December 31, 1969 and the results of their operations and the source and use of their funds for the year then ended, in accordance with generally accepted accounting principles which, except for the change in the basis of stating fixed assets and the related change in depreciation provisions resulting therefrom as explained in note 1 to the financial statements, have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,
February 4, 1970.

Clarkson, Gordon & Co.
Chartered Accountants

EARNINGS

Eddy Match Company, Limited
Consolidated Statement of Earnings
For the year ended December 31, 1969
(with comparative figures for the year 1968)

	1969	1968
NET SALES	$40,852,243	$34,876,827
COST OF SALES	32,876,698	27,038,655
GROSS EARNINGS	7,975,545	7,838,172
DEDUCT:		
Marketing and distribution expenses	3,711,049	3,527,320
General and administrative expenses	2,466,429	2,199,023
Bank interest (net)	67,841	56,090
Debenture interest (including amortization of discount and expense)	515,209	515,209
Remuneration of directors, including those holding salaried employment	138,934	146,500
Net loss (gain) on disposal of fixed assets	1,760	(36,477)
	6,901,222	6,407,665
EARNINGS BEFORE DEDUCTING INCOME TAXES	1,074,323	1,430,507
Income taxes	669,000	777,000
NET EARNINGS BEFORE EXTRAORDINARY ITEM	405,323	653,507
EXTRAORDINARY ITEM:		
Balance of deferred income credited to earnings (net of income tax $61,000)	—	54,000
NET EARNINGS FOR THE YEAR	$ 405,323	$ 707,507
EARNINGS PER COMMON SHARE:		
Before extraordinary item	$1.16	$1.99
Extraordinary item	—	.18
	$1.16	$2.17
COSTS AND EXPENSES INCLUDE THE FOLLOWING:		
Depreciation (note 1)	$ 1,281,845	$ 955,515
Depletion	60,244	18,303
	$ 1,342,089	$ 973,818

RETAINED EARNINGS

Eddy Match Company, Limited
Consolidated Statement of Retained Earnings
For the year ended December 31, 1969
(with comparative figures for the year 1968)

	1969	1968
BALANCE, beginning of year	$ 6,423,697	$ 5,771,690
Net earnings for the year	405,323	707,507
Transfer from excess of appraised value of fixed assets over depreciated cost (note 1)	175,489	—
	7,004,509	6,479,197
DIVIDENDS PAID:		
Preferred	55,500	55,500
Common	300,953	—
	356,453	55,500
BALANCE, end of year	$ 6,648,056	$ 6,423,697

(See accompanying notes to consolidated financial statements)

CONSOLIDATED BALANCE SHEET

DECEMBER 31, 1969
(with comparative figures at December 31, 1968)

NOTES

Notes to Consolidated Financial Statements
Year Ended December 31, 1969

1. FIXED ASSETS

At December 31, 1968 fixed assets were shown at cost except in the case of assets of the company and certain of its subsidiaries acquired prior to January 1, 1959 which were carried in the accounts on the basis of appraisals made at that date. The appraisal surplus thereby created of $827,956 was reduced by intangible assets written off in the amount of $721,032, leaving a net credit of $106,924.

On January 1, 1969 substantially all land, plant and equipment were restated in the accounts at depreciated replacement cost on the basis of appraisals made by Cooper Appraisals Limited in late 1968 and early 1969. Timberlands and certain minor equipment items were restated at their December 31, 1968 carrying values net of depreciation or depletion accumulated to that date. Additions in 1969 are stated at cost.

As a result of these changes, 1969 depreciation includes approximately $155,000 provided on appraisal increases, and net earnings for the year are less than they would otherwise have been by a like amount.

The "excess of appraised value of fixed assets over depreciated cost" shown as part of shareholders' equity on the consolidated balance sheet is made up as follows:

Balance December 31, 1968	$ 106,924
Add 1969 appraisal increase	2,749,745
	2,856,669
Deduct transfer to retained earnings, representing amounts realized during the year through depreciation and disposals	175,489
Balance December 31, 1969	$2,681,180

2. DIVIDEND RESTRICTIONS

The trust indenture relating to the 6 1/2% Sinking Fund Debentures Series A contains certain restrictions on the payment of dividends on common shares. As a result of these restrictions approximately $5,584,000 of the balance of retained earnings at December 31, 1969 is not available for the payment of dividends on common shares.

ASSETS

		1969	1968
CURRENT:			
Cash		$ 128,732	$ 49,660
Call loans		—	1,150,000
Accounts receivable less allowance for doubtful accounts (1969 - $182,099; 1968 - $139,373)		5,226,487	5,503,147
Inventories of materials, work in process and finished goods valued at the lower of cost or net realizable value		8,888,826	7,637,019
Prepaid expenses		198,467	181,319
TOTAL CURRENT ASSETS		14,442,512	14,521,145
FIXED:			
Land, plant and equipment (note 1)	15,408,267		
Less accumulated depreciation	1,109,082	14,299,185	10,501,236
Timberlands and cutting rights (note 1)	1,071,395		
Less accumulated depletion	60,244	1,011,151	709,992
		15,310,336	11,211,228
OTHER:			
Debenture discount and expense less amortization		247,153	274,863
Timber sale deposits		140,581	149,571
Deferred charges		—	120,070
		387,734	544,504
		$30,140,582	$26,276,877

LIABILITIES

	1969	1968
CURRENT:		
Bank indebtedness	$ 2,779,300	$ 1,552,686
Accounts payable and accrued charges	2,528,169	2,154,311
Income and other taxes payable	186,717	752,099
Debenture interest payable	42,072	42,072
TOTAL CURRENT LIABILITIES	5,536,258	4,501,168
Deferred income taxes	1,396,300	1,366,300
6 1/2% Sinking Fund Debentures Series A maturing 1972 - 1986	7,500,000	7,500,000

SHAREHOLDERS EQUITY

	1969	1968
CAPITAL —		
6% cumulative redeemable preferred shares of $100 par value, entitled on voluntary liquidation or on redemption to $125 per share:		
Authorized and issued - 9,250 shares	925,000	925,000
Common shares without nominal or par value:		
Authorized - 500,000 shares		
Issued - 300,953 shares	5,453,788	5,453,788
	6,378,788	6,378,788
Excess of appraised value of fixed assets over depreciated cost (note 1)	2,681,180	106,924
Retained earnings (note 2)	6,648,056	6,423,697
	15,708,024	12,909,409
	$30,140,582	$26,276,877

On behalf of the Board:

J. A. Lawrason
DIRECTOR

A. Lavallée
DIRECTOR

(See accompanying notes to consolidated financial statements)

SOURCE AND USE OF FUNDS

Eddy Match Company, Limited
Consolidated Statement of Source and Use of Funds
For the year ended December 31, 1969
(with comparative figures for the year 1968)

	1969	1968
SOURCE OF FUNDS:		
Net earnings for the year	$ 405,323	$ 707,507
Add (deduct):		
Depreciation and depletion	1,342,089	973,818
Deferred income taxes	30,000	(38,000)
Amortization of debenture discount and expense	27,709	27,709
TOTAL FUNDS PROVIDED BY OPERATIONS	1,805,121	1,671,034
DECREASE IN OTHER ASSETS	129,061	133,752
	1,934,182	1,804,786
USE OF FUNDS:		
Expenditures on fixed assets (net)	2,691,452	1,189,756
Dividends paid	356,453	55,500
	3,047,905	1,245,256
DECREASE (INCREASE) IN WORKING CAPITAL	$ 1,113,723	$ (559,530)
WORKING CAPITAL, END OF YEAR:		
Current assets	$14,442,512	$14,521,145
Current liabilities	5,536,258	4,501,168
	8,906,254	10,019,977
WORKING CAPITAL, BEGINNING OF YEAR:		
Current assets	14,521,145	13,285,712
Current liabilities	4,501,168	3,825,265
	10,019,977	9,460,447
DECREASE (INCREASE) IN WORKING CAPITAL	$ 1,113,723	$ (559,530)

(See accompanying notes to consolidated financial statements)

FINANCIAL REVIEW

The consolidated financial statements include the results of operations for 1969 and the financial position of Eddy Match Company, Limited and its subsidiaries, all of which are wholly owned. The operations are carried on by divisions of the Company, but certain of the assets are owned by subsidiary companies.

ASSETS AND LIABILITIES

The working capital at December 31st, for each of the years 1969 and 1968, is compared below:

	1969	1968
CURRENT ASSETS:		
Cash and call loans	$ 128,732	$ 1,199,660
Trade and miscellaneous accounts receivable (net)	5,226,487	5,503,147
Inventories	8,888,826	7,637,019
Prepaid expenses	198,467	181,319
	14,442,512	14,521,145
LESS CURRENT LIABILITIES:		
Bank indebtedness	2,779,300	1,552,686
Other	2,756,958	2,948,482
	5,536,258	4,501,168
WORKING CAPITAL	$ 8,906,254	$10,019,977
Ratio of current assets to current liabilities	2.6 to 1	3.2 to 1
Net decrease (increase) in working capital	$ 1,113,723	($ 559,530)

The accounts receivable were for the most part owing on sales made under normal credit terms. Adequate provision has been made for those accounts of a doubtful nature.

Inventories at December 31st consisted of the following:

	1969	1968
Raw materials	$3,165,125	$1,442,136
Work in process	964,260	2,344,548
Finished goods and stock in trade	4,759,441	3,850,335
	$8,888,826	$7,637,019

Land, plant and equipment, as shown on the Balance Sheet consisted of the following:

	Gross Value	Accumulated Depreciation	Net Book Value
Land and roadways	$ 2,023,523	$ 322,262	$ 1,701,261
Buildings and leaseholds	6,475,588	250,289	6,225,299
Machinery and equipment	6,832,322	536,531	6,295,791
Tooling	76,834	—	76,834
	$15,408,267	$1,109,082	$14,299,185

The Company follows a policy of having its plant and equipment revalued every ten years. As a result, substantially all of the land, buildings and equipment are valued at depreciated replacement cost determined by Cooper Appraisals Limited as of January 1, 1969, with subsequent additions at cost. Concurrent with the recording of the appraisal, timber lands were restated at their net book value as of January 1, 1969.

The appraisal increase from the above revaluation has been credited to a separate account in the Shareholders' Equity section of the Balance Sheet. Depreciation charges have been based on the appraised asset values, where applicable, and amounts equal to the resulting increase in depreciation have been transferred from the account "Excess of Appraised Values of Fixed Assets over Depreciated Cost" to "Retained Earnings". A similar transfer has been made on the disposal of an appraised asset for any portion of the appraisal increase that had not been depreciated prior to the disposal of the asset. The net result of the appraisal has been to increase the fixed asset values by $2,750,000. Of this amount $175,000 has been transferred to Retained Earnings in accordance with the above policy.

The expenditures on capital assets, which totalled $2,691,000 during the year, included the following significant items:

Timber lands and cutting rights	$ 361,000
Logging road construction	687,000
Sawmill and Plywood buildings and equipment	1,215,000

Depreciation is provided on fixed assets (other than land) at rates designed to write off such assets on the "straight line" method over their remaining useful lives.

The funded debt of the Company is represented by a $7,500,000, 6-1/2% Series 'A' Sinking Fund Debenture, which was issued on June 1st, 1966, and matures on June 1st, 1986. Annual sinking fund requirements are as follows:

1972 and 1973	$300,000
1974 to 1976, both inclusive	375,000
1977 to 1980, both inclusive	525,000
1981 to 1985, both inclusive	600,000

The maximum annual interest requirement is $487,500. This amount was covered approximately six times in 1969 by earnings before depreciation, depletion, amortization, debenture interest, gains on disposal of fixed assets and income taxes.

continued

EARNINGS

Net earnings of $405,000 represents a return on Capital employed at January 1st, 1969 of 1.7%. Had the fixed asset appraisals not been effected the return would have been 2.6%. This compares with 3.3% for 1968. The 1969 earnings were affected by a number of unusual charges.

As a result of the revaluation of the fixed assets to depreciated replacement cost, the 1969 earnings were reduced by additional depreciation amounting to $155,000 without any income tax relief, as depreciation on appraisal increases is not deductible for tax purposes. This amount, when added to previously disallowed depreciation arising from the 1959 revaluation, explains the high effective rate of tax.

The earnings were also reduced by writing off certain costs related to two lines of products which did not appear to have any continuing value. These costs amounted to about $235,000 net of income tax.

The Company follows the deferred method of accounting for income taxes. Under this method, income taxes charged against income are computed with reference to recorded depreciation on asset costs, rather than to allowances claimed for income tax purposes. As a result income taxes charged against income in 1969 exceed by $30,000 estimated taxes payable for that year.

In comparing earnings with last year, it should be noted that prior to 1968, the Company had financed some of the sales of vending machines by selling on the instalment basis. This policy was discontinued in 1968, and the financing of such sales was given to an acceptance company. The balance remaining in deferred income in 1968 was brought into income as an extra-ordinary item, thereby enhancing the 1968 earnings by $54,000 net of tax.

During 1969 we reported earnings on a quarterly basis, but subject to audit and year-end adjustments. As a result of a physical inventory in the latter part of the year it became apparent that the cost of logs at Kootenay Forest Products had been underestimated for the first three quarters of the year. Procedures have been adopted to improve the controls over the production of logs to guard against a recurrence of this unsatisfactory situation.

The interim quarterly reports are being restated as follows:

	3 Months to Mar. 31, 1969	6 Months to June 30, 1969	9 Months to Sept. 30, 1969
Net earnings	$147,000	$295,000	$302,000
Earnings per Common Share (after provision for dividends on Preferred Shares)			
Restated	$ 0.44	$ 0.89	$ 0.87
As previously reported	$ 0.70	$ 1.28	$ 1.32

NINE YEAR SUMMARY

(all dollars in thousands, except per share statistics)

	1969	1968	1967	1966	1965	1964	1963*	1962	1961
SALES AND EARNINGS									
Net sales	$40,852	$34,877	$33,321	$31,512	$28,322	$27,200	$23,645	$12,139	$12,040
Depreciation and depletion	1,342	974	918	767	845	785	629	527	549
Earnings before taxes on income	1,074	1,455	1,378	2,420	2,238	2,520	2,685	2,235	2,015
Taxes on income - current	639	876	301	715	1,082	1,210	1,234	1,050	1,021
- deferred	30	(38)	437	558	111	80	105	26	25
Net earnings	405	708	641	1,147	1,045	1,230	1,345	1,159	970
Net earnings per common share	1.16	2.17	1.94	3.63	3.29	3.90	4.29	3.67	3.03
DIVIDEND RECORD									
On preferred shares	56	56	56	56	56	56	56	56	56
On common shares	301	NIL	602	602	602	602	527	451	451
Paid per common share	1.00	NIL	2.00	2.00	2.00	2.00	1.75	1.50	1.50
As a percent of common share earnings	86	NA	103	55	61	51	41	41	50
STOCK MARKET PRICE RANGE									
Common shares	40½-20½	30½-16	37½-26	39-31	48-36½	49½-39¾	39¾-30	34½-27½	34½-25
FINANCIAL POSITION									
Current assets	14,442	14,521	13,286	14,091	10,809	9,189	8,668	6,794	6,006
Current liabilities	5,536	4,501	3,825	3,906	6,484	5,147	5,044	1,981	2,321
Working capital	8,906	10,020	9,461	10,185	4,325	4,042	3,624	4,813	3,685
Ratio of current assets to current liabilities	2.6	3.2	3.5	3.6	1.7	1.8	1.7	3.4	2.6
Capital assets at net book value	15,310	11,067	10,860	9,885	7,701	7,522	7,316	5,358	5,903
Funded debt	7,500	7,500	7,500	7,500	—	—	—	—	—
Capital employed - December 31	24,604	21,776	21,162	20,741	12,194	11,696	11,094	10,260	9,706
Earnings as a percent of capital employed - Jan. 1	1.7	3.3	3.1	9.4	8.9	11.1	13.1	11.9	10.4
EQUITY OF SHAREHOLDERS									
Equity of preferred shareholders	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156	1,156
Equity of common shareholders	14,552	11,753	11,101	11,118	10,628	10,241	9,668	8,905	8,337
Equity per common share	48.35	39.05	36.89	36.94	35.31	34.03	32.12	29.59	27.70
Common share earnings as a percent of common share equity - January 1	2.4	5.9	5.3	10.3	9.7	12.1	14.5	13.2	11.5
CAPITAL EXPENDITURES (NET)	2,691	1,190	1,939	2,987	1,011	1,072	2,649	426	572

*1963 data includes operations of Grant Industries from March 1.

PLANTS, PRODUCTS, SALES OFFICES & WAREHOUSES

Eddy Match

Wood and book matches	Administrative office and plant	Pembroke, Ont.
	Sales offices	Montreal, Que.
		Toronto, Ont.
		Vancouver, B.C.

Steel Equipment

Office furniture and shelving	Administrative office and plant	Pembroke, Ont.
	Sales offices	Montreal, Que.
		Toronto, Ont.
		Winnipeg, Man.

Ideal Venders

Vending machines and coolers	Administrative office and plant	Deseronto, Ont.
	Sales offices	Montreal, Que.
		Toronto, Ont.

Grant Industries

Building materials	Administrative office	Vancouver, B.C.
	Sales offices and warehouses	St. John's, Nfld.
		Dartmouth, N.S.
		Quebec, Que.
		Ottawa, Ont.
		Toronto, Ont.
		London, Ont.
		Thunder Bay, Ont.
		Winnipeg, Man.
		Saskatoon, Sask.
		Yorkton, Sask.
		Regina, Sask.
		Calgary, Alta.
		Edmonton, Alta.
		Lethbridge, Alta.
		Prince George, B.C.
		Vancouver, B.C.
		Victoria, B.C.
	Insulation manufacturing plants	Winnipeg, Man.
		Regina, Sask.
		Calgary, Alta.
		Vancouver, B.C.

Kootenay Forest Products

Softwood plywoods Lumber and wood products	Administrative office and mills	Nelson, B.C.